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TRADE AND DEVELOPMENT BOARD
Standing Committee on Developing Services
Sectors: Fostering Competitive Services
Sectors in Developing Countries
Second session
Geneva, 18 July 1994
Agenda items 3, 4, 5, 6 and 8

Draft Recommendations of the Standing Committee

1. After detailed discussions as well as presentations on national and regional experiences under agenda items 3, 4 and 5, the Standing Committee expressed its appreciation of the high quality of the documentation prepared by the UNCTAD secretariat, and recommended its wider dissemination. In accordance with the Work Programme, the Standing Committee, bearing in mind the work of and in cooperation with other international organizations, agreed on the following:

Promoting Transparency

2. Under item 2 (a) of the Work Programme, the Committee requested the UNCTAD secretariat to continue to provide support for member countries, particularly for developing countries and interested countries in transition, in improving their capacity in compiling and maintaining internationally comparable statistics on the service sectors of their interest, through studies that provide information on developments in this area at the international level, especially with respect to concepts, definitions and methodologies.

3. Under item 2 (b) of the Work Programme, the Committee agreed that the proposed database on measures affecting service trade is a very valuable tool for supporting the efforts made by developing countries to participate more effectively in international trade in services, and recognized the importance and the urgency for its early establishment. The Committee requested the UNCTAD secretariat to have a computerised database on measures affecting service trade fully implemented as soon as possible, and urged the member countries to actively collaborate with the secretariat in this effort.

(i) The purpose of the database will be to facilitate the access of services and services suppliers from developing countries to world markets by providing structured information on measures, including laws and regulations.

(ii) The database will focus on sectors of interest to services suppliers from developing countries, and will cover all measures affecting their service exports.

(iii) Given the large scope of the database, priority will be given to the inclusion of information on measures relating to those sectors, modes of supply and markets that are of major interest to developing countries, including those which are currently subject to negotiations at multilateral or regional fora.

(iv) The secretariat should seek the collaboration of relevant regional or international organizations and institutions in the technical design of the database and in compiling information for the database.

(v) Member countries wishing to collaborate in the development of the database are requested to make appropriate arrangements with the secretariat. In this context, the secretariat should assist countries on request in the implementation and possible adaptation of the database for use at the national level.

Fostering Competitive Services Sectors

4. The Committee recalled that the objective of the Committee's work under item 3 of the Work Programme is to identify policy options for developing countries to strengthen their domestic service sectors and to make them more efficient and competitive, including the problems of adaptation of domestic regulation of services sectors in the context of liberalization. The Committee expressed its appreciation of the substantive statements made by some members on their national experience. The analysis of this issue requires in-depth coverage of relevant policy measures affecting trade in services used by member countries and of their experience with the implementation of such policies. To assist members in this, the Committee requested the secretariat to prepare and distribute a questionnaire to member countries between now and the end of 1994.

5. The Committee agreed that the secretariat should continue its work aimed at assessing the impact of subsidies on trade in services, especially on sectors of interest to developing countries. In this context, the Committee requested the secretariat to:

(i) carry out sector-specific studies to obtain further insight into the forms of subsidization, their extent and their impact on trade in services, and

(ii) obtain more information on subsidizing practices, by means including the circulation of questionnaires on the different types of current practices.

The Committee requested member countries to assist the secretariat, by providing information on subsidies as well as relevant publications and studies that would assist the secretariat in this area.

6. Recognizing that in a large number of cases, temporary movement of persons is an important mode through which developing countries can participate in the international trade in services, the Committee requested that the secretariat should focus their analysis on the issues identified in document TD/B/CN.4/24, with respect to the temporary movement of persons, bearing in mind the clear distinction between temporary and permanent stay. To this end, it should continue to focus on barriers to trade in services carried out through the temporary movement of natural

persons and the regulations that affect this, with a view to identifying the problems and opportunities faced by developing countries. The analysis should cover, *inter alia*:

(i) identifying specific entry requirements and criteria used by countries in regulating temporary entry (e.g. visa, work permits, business visitors),

(ii) how economic needs test and similar conditions could be made more stable and predictable so as to protect the integrity of specific commitments in this area,

(iii) how to enhance the ability of developing countries to take advantage of the specific commitments with respect to this mode of supply and to identify specific mechanisms that could be developed to this end,

(iv) collecting information on the experience of countries in organizing enterprises to take advantage of the specific commitments with respect to the movement of natural persons.

7. The Committee invited the UNCTAD secretariat to assist countries which so request to make use of national studies as well as those conducted by UNCTAD in drawing and implementing their policies in the area of services.

8. The Committee agreed that the secretariat, in close consultation with GATT/WTO and other relevant organizations including private bodies with a view to ensuring complementarity, should compile information on processes of recognition and harmonization of professional qualifications with a view to identify more specifically the problems facing developing countries. It urged member countries to assist the secretariat in this by providing information on relevant professional associations in their countries.

9. With respect to regional, subregional and interregional cooperation on services, the usefulness of the submissions from members of and observers from regional secretariats was recognized, and the UNCTAD secretariat was requested to contact regional secretariats to obtain more information on the provisions and

experience in liberalizing trade in services on a regional and subregional basis.

Technical Cooperation

10. The important contribution of the technical assistance provided by UNCTAD within available resources was recognized, and note was taken of the reduction in the capacity of UNDP to support such activities. It was decided to request the Board to invite the international donor community to provide resources and to allow UNCTAD to establish a trust fund to assist developing countries in strengthening the competitiveness of their services sectors, as well as their negotiating capacity in present and future negotiations on trade in services.

Other Business

11. The Standing Committee welcomed the intention of the Secretary-General of UNCTAD to organize an expert group to examine ways of enhancing access to and use of information networks and distribution channels.